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S E C R E T SECTION 01 OF 03 MANAMA 000949

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SUBJECT: KING WORRIES ABOUT NEW IRANIAN PRESIDENT

REF: A. MANAMA 940 B. STATE 121757 C. MANAMA 942 D.
MANAMA 943

Classified By: Ambassador William T. Monroe. Reason: 1.4 (B)(D)

SUMMARY

1. (S) A major focus of the Ambassador's July 5 discussion with Bahrain's King Hamad was the King's concern about the implications of the election of Iranian President Ahmadinejad. Ahmadinejad, he said, faces a big challenge in unifying Iranians, and one way he will generate unity will be by provoking tensions with the Gulf. He cited three recent Bahrain-related incidents to demonstrate his point. The King also raised concerns about Iran's nuclear program, reiterating a request for a security guarantee if Iran gets nuclear weapons and saying that the GCC was preparing a memorandum for Iran expressing concerns about its nuclear program in environmental terms. The King was pleased that Bahrain's elected parliament had ratified the FTA earlier in the day, and relieved that the Bahrain CDA in Baghdad had survived an attack a few hours earlier. He expressed continuing concerns about Saudi-GCC relations, saying that Saudi Arabia's irritation with Qatar was the core of the problem. He responded positively to a request to issue statements against terrorism, and promptly put out a statement saying that attacks like the one against Bahrain's CDA in Baghdad "did not belong to Islam." He was harshly critical of Shia activist Al-Khawaja, noting his links to a 1982 plot to overthrow the government and his background with Iran's Revolutionary Guards. He said that he and the Crown Prince were taking on corruption by gradually easing the old guard out. The next step in this process would be the replacement of leadership at key state-owned companies, beginning imminently with aluminum giant Alba.

GOOD NEWS: REPRESENTATIVES RATIFY FTA

2. (SBU) King Hamad invited the Ambassador and DCM for tea at Safriya Palace late on the afternoon of July 5 for an informal discussion of domestic and regional events that lasted 90 minutes. Dressed in riding clothes (he was planning a pre-sunset ride just after the tea), the King opened the meeting by expressing great satisfaction that Bahrain's elected Council of Representatives had ratified earlier in the day the Free Trade Agreement with the United States (Ref C). Noting that a small number of representatives had voted against the agreement, he said, shrugging, that "this is democracy" and was pleased that it had such strong support in the parliament.

BAD NEWS: BAHRAIN CDA SHOT IN BAGHDAD

3. (C) The King noted that Bahrain's Charge d'Affaires in Iraq, Hassan Al-Ansari, was apparently not seriously wounded during an attack in Baghdad earlier in the day (Ref A). The Ambassador briefed the King on steps we had taken to move Al-Ansari to a U.S. military hospital and give him the best possible treatment. Our CDA in Baghdad, David Satterfield, was personally engaged, and our embassy and military would facilitate his return to Manama as soon as he was fit for travel. The King was deeply appreciative. He said that at this week's cabinet meeting, which he chaired, he had instructed Foreign Minister Shaikh Mohammed to forward Al-Ansari's credentials papers immediately so that his status could be upgraded to Ambassador. This instruction had been given before the kidnapping of the Egyptian envoy. Last night, the King stated, he had begun to wonder -- in light of the Egyptian's kidnapping -- if it might not be prudent to wait a few days. He was uncertain what will happen now. He said that he would promote Al-Ansari immediately to personal rank of Ambassador (the press reported July 6 that this was done), but did not know if Al-Ansari would return to Baghdad or if a replacement would be appointed.

PRESIDENT AHMADINEJAD: A THREAT TO THE GULF?

4. (S) It quickly became clear that the major issue on the

King's mind was Iran and the implications of the election of President Ahmadinejad. He said that a big challenge for the new Iranian President will be the need to unify Iranians, and one way he will do that will be to provoke tensions with the Arab countries of the Gulf. Bahrain, he said, is already seeing disturbing signs of a more provocative Iran since the election. He cited a recent broadcast from Radio Tehran that blamed Bahrain, Jordan, and Israel for terrorist attacks inside Iraq. He noted the sharp Iranian and local Shia reaction to a cartoon in the pro-government newspaper "Al-Ayam" that depicted a mullah with his beard twisted in an upwardly direction like a rising indicator on a graph. Local Shias labeled the cartoon an insult to Khamenei (the depicted mullah is said to be a caricature of Khamenei) and the Iranian ambassador reportedly lodged a protest. The King stated that, to him, the cartoon simply suggested that conservative influence was rising in Iran. Finally, he stated that it was no accident that, just after the Ahmadinejad election, the Islamic Action Society met to "honor" 73 people convicted in the early 1980s of trying to topple the government, and that Iranian Spiritual Advisor Sayed Mohammed Hadi Mudarasi telephoned the gathering to deliver a message from Iran (Ref D). (Note: Separately, a senior MFA official sounded a similar theme to POL/ECON Chief July 6, adding one additional point: an Iranian Foreign Ministry spokesman recently said that the Gulf states should know their place and that Iran is more powerful than all the GCC countries put together. The Bahraini official added: "We've interpreted that as a threat." End Note.)

15. (S) The King also reiterated concerns about Iran's nuclear ambitions, repeating a request he has made that, if Iran does develop a nuclear capability, the U.S. provide a security guarantee for the countries of the Gulf. He said he would raise this point as well with British Prime Minister Tony Blair when he visits London at the end of July. He added that the GCC is currently circulating a memorandum on Iran's nuclear program to be submitted to the Government of Iran. The memorandum, he said, puts the issue in terms of environmental concerns.

GCC-SAUDI RELATIONS: CONTINUING CONCERNS

16. (C) As he has often in recent meetings, the King expressed his continuing frustration with Saudi Arabia's relations with its GCC partners. He described Saudi Arabia as "a big country acting like a little boy" in its dealings with the GCC. He recounted familiar bilateral concerns -- failure to reinstate the 50,000 b/d oil grant, failure to resume exports of sand for Bahrain's construction industry -- but said that the crux of the general problem is Saudi Arabia's relations with Qatar. "It's all about Qatar," he said, attributing this focus to the Al-Jazeera issue. He said that Crown Prince Abdullah even criticized the King when he traveled to Qatar to watch a soccer match, accusing him of showing solidarity with Qatar.

17. (C) The King talked hopefully of the day when pipelines and causeways linking Bahrain, Qatar, and the Emirates were in place, facilitating the movement of people and natural gas. He spoke of plans for a bullet train that would link Bahrain with Dubai through Qatar. Asked about progress on the proposed Qatar-Bahrain pipeline, he contended that it is moving forward but acknowledged that Qatar would not be able to supply enough gas to meet Bahrain's growing needs. He concluded by saying that he would welcome any help from the U.S. in urging the Saudis to improve relations with its GCC brothers.

STATEMENTS AGAINST TERRORISM

18. (C) Returning to the subject of the attack earlier in the day against Bahrain CDA in Baghdad Hassan Al-Ansari, the Ambassador stated that the USG was hoping that political and religious leaders in the region would issue statements condemning terrorist violence (Ref B). Noting that Jordan's King Abdullah had delivered a strong statement condemning terrorism the day before (a statement that received prominent coverage in the Bahraini press), the Ambassador urged the King and others in Bahrain to look for opportunities to issue similar statements, all the more so in the wake of the attack of the Bahraini CDA in Baghdad. The King responded positively, turning to Royal Court Minister Shaikh Khalid bin Ahmed and saying that, in statements on the Baghdad attack, they should be sure to stress that it was contrary to what Islam is about. (Note: In an initial statement issued to the press that night, the King was quoted as telling Al-Ansari that "such terrorist acts did not belong to Islam." End note.) The King said that he would look for other opportunities to stress that Islam is against terrorism and is a religion of tolerance, moderation, and brotherhood.

AL-KHAWAJA: REMEMBER HIS REVOLUTIONARY GUARD ROOTS

19. (C) The King returned to the subject of the June 29 Islamic Action Society event, noting the prominent role played by Shia activist Abdul Hadi Al-Khawaja. He said that Al-Khawaja had been one of the 73 convicted in 1982 for attempting to topple the government, although he was able to flee to Iran without being imprisoned. While in Iran, he was trained by the Revolutionary Guard and, he said, "you always worry about people trained by Usama Bin Laden or the Revolutionary Guard." He mentioned Al-Khawaja's continuing close links with the 1982 coup plotters, including Iranian Sayed Mohammed Hadi Mudarasi, who was an instigator of the 1982 plot and who telephoned the June 29 event from Iran, and Shaikh Mohammed Ali Mahfoudh, another 1982 plotter who is President of the Islamic Action Society and longtime member of its predecessor organization, the Islamic Front for the Liberation of Bahrain.

TAKING ON CORRUPTION

10. (C) The King described in some detail his efforts to deal with corruption by reforming the government in an evolutionary, not revolutionary way. In the Arab world, he quipped, you have to be careful about people you force into retirement because they can cause you the most trouble. That is why he has been moving slowly to ease the older generation out and put younger technocrats into leadership positions in the Cabinet and state-owned companies. This is a project the Crown Prince in particular is working on. Initial steps were seen in the Cabinet reshuffle at the beginning of the year and the enhanced powers given to the Economic Development Board this spring. In the next few days, he said, we will see changes in the leadership of the key state-owned companies, beginning with the aluminum company Alba. Other companies like oil company BAPCO and communications company Batelco will follow. Ideally, he said, he would like to bring in more Americans and Europeans to run these major state-owned companies, because they offer strong protection against corruption. He added that, for military purchases, he much preferred to deal with the USG through FMF because the transactions are guaranteed to be clean. In that connection he mentioned an unhappy experience with the purchase of helicopters from the U.K. Comment. Local observers have commented on the potential significance of recent moves to strengthen the EDB, particularly if indeed it is given the power to appoint heads of the state-owned companies. Until now, this power has rested with the Prime Minister, giving him access to the income generated by these companies. The press reported June 6 that a change in the board of directors of Alba was expected in the coming days. This appears to be the first indication that the King and Crown Prince are now ready to start wresting control of the state-owned companies away from the Prime Minister. With the Council of Representatives demanding greater transparency in the accounts of these companies in recent weeks, the timing could not be better. End comment.
MONROE